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# **FACTS FOR ELECTORS**

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## FACTS FOR THE ELECTORS

### Result of five years Grit-Rouge Rule in Canada.

#### THE STEEL RAIL PURCHASE

No subject has been more discussed since Mr. Mackenzie came to office than his unfortunate purchase of steel rails. A simple record of the facts in this case is all that is necessary to show, first, that the purchase was a most unwise one; next, that it was without the authority of Parliament; and last that it was open to the grave suspicion of having been prompted by a spirit of nepotism.

In the fall of 1874, he advertised for tenders for some rails, and the first suspicious circumstance connected with the matter was the manner in which these advertisements were inserted. It will be admitted that it was a matter of the greatest possible importance that the fullest publicity should be given to any invitation for tenders of this description. The manufacturers of steel rails were in England. Their agents in this country must of necessity communicate with them, and unless, therefore, there was time for that communication, the trade at large must necessarily be put to a very great disadvantage. And yet we find that the advertisement was dated on the 29th of September, that its first appearance was in the *Montreal Herald* of the 2nd of October, and that it asked for tenders delivered in Ottawa on the 8th of October, so that there were only six days during which merchants could arrange to send in their tenders.

Next, as to the contracts. Mr. Mackenzie has claimed that the lowest tender was, in every instance, accepted. The tenders which actually were accepted were as follows:—Guest & Co., \$54; Ebb Vale Company, \$53.53; West Cumberland Company, \$53.53; and Mersey Steel and Iron Company, \$54.26. This last company was represented by Cooper, Fairman & Co., of Montreal, whose names have been unpleasantly associated with this transaction. It will be seen that their tender was 26 cents a ton higher than the highest of the others, and 73 cents a ton higher than the lowest. Each of these tenders was for five thousand tons, excepting that of Cooper, Fairman & Co., which was for from five to ten thousand tons. And yet THE HIGHEST TENDER WAS AWARDED THE CONTRACT FOR TWENTY THOUSAND TONS, while of the others the Ebb Vale Company got only five thousand tons; Guest & Co., ten thousand

and; and the West Cumberland Company, represented by Cox & Green, five thousand, the latter at their own earnest solicitation being subsequently awarded an additional contract for five thousand tons more.

It will be seen that the tender from Antwerp was rejected upon the ground that it was not in accordance with the advertisement; and yet, after all these tenders were opened, and all these contracts were awarded—when the whole transaction, in fact, in relation to the advertising for tenders had been closed,—a private arrangement was made between Mr. Mackenzie and Cooper, Fairman & Co. for additional quantities delivered f. o. b. at Liverpool. It has been the boast of Mr. Mackenzie—it was his boast especially in relation to this steel rail purchase—that in every case tenders were invited; but the facts show that in this, as in other statements made in relation to it, he was wrong. The following correspondence will explain this latest transaction:—

MONTREAL, 13th January, 1875.

Dear Sir,—In reply to telegram of the 7th instant, we beg to advise you that we have purchased on account of Dominion Government, 5,000 tons of Bessemer steel rails at £10 10s. od., f. o. b., Liverpool, cash against bills of lading.

We have also contracted freights to Vancouver Ports, viz.:—Esquimaux, Cowichan Bay and Nanaimo, at £2 5s. od. sterling per ton.

The Government assuming the responsibility of freight, etc., which is to say to pay shippers, makers not assuming delivery to Vancouver Ports.

Should you require the track bolts for this lot, we can arrange for them and include. We are advised that steel rails are now held at £11 0s. od. We would be glad to be favoured with the address of your bankers in England, to whom we suppose the bills of lading will require to be presented. Kindly confirm the contract as soon as possible, to enable us to cable reply, the necessary documents to follow.

Yours faithfully,

COOPER, FAIRMAN & CO.

Hon. A. MACKENZIE, Ottawa.

OTTAWA, 21st January, 1875.

Gentlemen,—In reply to your several communications on behalf of Messrs. Naylor, Benson & Co., I am to state that the Government accept their offer to supply 5,000 tons of steel rails at £10 10s. sterling per ton, f. o. b. at Liverpool, and allows £2 per ton for freights to Vancouver Ports.

The Agent General of the Dominion, E. Jenkins, Esq., will see to the insurance.

Messrs. Morton, Rose & Co. are the financial agents of the Government in London.

I have, etc.,

F. BRAUN, Secretary.

Messrs. COOPER, FAIRMAN & Co., Montreal.

THAT WAS A PURCHASE OF RAILS WITHOUT ANY TENDER  
WHATEVER BEING ASKED FOR. IT WAS A PURCHASE OF  
RAILS ON TERMS WHICH HAD BEEN EXPRESSLY REJECTED  
IN THE CASE OF THE ANTWERP TENDER, AND IT WAS A  
PURCHASE AT TEN SHILLINGS A TON HIGHER THAN RAILS  
WERE OFFERED FOR, AT THE VERY TIME OF MR.  
MACKENZIE'S PURCHASE.

We have thus the fact beyond controversy, that MR. CHARLES  
MACKENZIE WAS A PARTNER IN THE FIRM OF COOPER,  
FAIRMAN & CO. WHEN THESE EXTRAORDINARY FAVOURS  
WERE GRANTED TO THE FIRM BY MR. MACKENZIE. That  
he did not retire until after all the contracts had been made; and we know he  
received on his retirement promissory notes payable at the Exchange Bank for  
the \$15,000 which he had put into the firm. It required the proceeds of these  
transactions to enable Cooper, Fairman & Co. to pay these notes, so that the  
fact is beyond controversy that the result of all these transactions was to enable  
Mr. Charles Mackenzie to withdraw his capital intact from the firm in which,  
but for that fact, it would have been irretrievably lost. WHAT THE  
COUNTRY HAS LOST BY THE MERE PURCHASE OF THESE  
RAILS HAS BEEN ESTIMATED AT NOT MUCH LESS THAN TWO  
MILLIONS OF DOLLARS.

On the 5th January, 1875, the Government bought 5,000 tons of steel rails  
from Messrs. Cox & Green, of Montreal, at £10 sterling per ton, f.o.b. in  
England, and two days afterwards (on the 7th January, 1875) the Government  
bought from Cooper, Fairman & Co. without competition, 5,187 tons at  
£10 10s. per ton, also f.o.b. in England, for British Columbia.

The country's loss by this act of favouritism was 10s. sterling per ton and  
amounted to \$12,604.

In November, 1874, Messrs. Darling & Co. of Montreal, tendered for bolts  
and nuts at \$92.47 per ton; and at the same time Cooper, Fairman & Co.  
tendered at \$101 per ton; Cooper, Fairman & Co. got a contract for 160 tons.

The country's loss by this act of favouritism was \$1,365.

In 1875, Messrs. Guest & Co., of England, supplied to Canada 10,000 tons  
of steel rails, and when tendering for the rails in November, 1874, they offered  
to deliver them at Duluth at \$4 00 per ton more than at Montreal, or including  
insurance, \$4.16 more per ton. Messrs. Cooper, Fairman & Co., acting for  
themselves and on behalf of Messrs. Norris & Neelon of St. Catharines, and  
Messrs. Hope & Co. of Hamilton, were paid at the rate of \$6.20 per ton.

The country's loss by this act of favouritism and mismanagement was  
\$2.04 per ton, on 10,000 tons, and amounted to \$20,400.

In 1875, the Red River Transportation Company tendered for the transport  
of rails from Duluth to Winnipeg, at \$15.00 U.S. Currency per ton of 2,000  
pounds. Messrs. Fuller & Milne of Hamilton tendered for the same service  
at \$13.50 U.S. Currency per ton, meaning the usual ton of rails, 2,240 pounds.  
The Red River Company got the contract, and transported 15,141 tons.

The difference in the rate of freight and in the ton weight together  
amounted to \$3.30 per ton.

The country's loss by this act of favouritism or mismanagement was \$3.30

per ton on 15,141 tons, and amounted to \$49,965 U.S. Currency, and in gold to \$44,969.

The loss on the four transactions which I have enumerated amounts to \$79,338.

These rails, sufficient to lay five hundred miles of railway, were purchased in January of 1874. How thoroughly unnecessary was the purchase at that time will appear from the return brought down during the last session of Parliament. That return had relation to the number of miles actually laid down to January, 1878; and according to the return on contract No. 13, were 32½ miles laid, on No. 14 there were 6 miles, and on No. 25 8½ miles, making in all 47 miles, REQUIRING LESS THAN ONE-TENTH THE ENTIRE QUANTITY OF RAILS PURCHASED, AND THIS THREE YEARS AFTER THE CONTRACTS WERE MADE FOR THOSE RAILS.

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THE GAZETTE, MONTREAL, TUESDAY, SEPTEMBER 3, 1878.

## THE FORT FRANCES LOCK

It was intended when this lock was first undertaken, that it would be a part of the Pacific Railway. That was the plea upon which Mr. Mackenzie ventured upon it. We have already shown in a former paper that in undertaking it he either violated the law, or ignored the authority of Parliament. If it was part of the Pacific Railway, it should have been let by public tender; if it was not part of the Pacific Railway, Parliament had voted no money for its construction. As to the uselessness of the enterprise, the report of the Committee of Senate, based upon evidence presented to it, offers the best evidence.

The lock is situated on Rainy River; it is intended to overcome a fall of 23 feet now passed by a portage, and when the lock is completed, and the obstructions of the Manitou and Long Sault Rapids on Rainy River are removed, there will be unbroken water communication from Rainy Lake to Lake of the Woods? Unfortunately, however, the route to Rainy Lake from Fort Savanne, where the Canadian Pacific connects with the water stretches, involves a passage of nine portages, the difference in fall between these two points being 400 feet; so that we have the extraordinary fact of a lock being commenced away out in the wilderness, to overcome a fall of 23 feet, while to reach it will still involve the passage of nine portages and a fall of 400 feet. It is no wonder that the Senate Committee should say that the evidence had satisfied them that this lock, when completed, "could not be used for purposes of commerce in connection with the Canadian Pacific Railway so as to form part of the through connection

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"from Lake Superior to Manitoba." So much for the uselessness of this lock, under any circumstances ; but the manner in which it has been carried out shows a spirit of recklessness that one can hardly understand. When the Government cancelled the contract for the railway from Fort William to Lake Shebandowan, in order to change the location to that by Fort Savanne, the amount expended on this lock did not exceed \$73,940. The department at that time evidently took the common-sense view, that as the line of the railway had been changed, and the canal rendered absolutely useless, the work upon it should be stopped ; and, in November, 1875, a telegram was sent to the superintendent of the lock to the following effect :—"Close all canal works at Fort Frances ; suspend all proceedings." It is evident that these works had proved too valuable an asylum for broken down political hacks looking for situations, to be thus permanently abandoned ; and in April, 1876, the department instructed the superintendent to resume work upon the lock by day labour. The work has gone on ever since, and according to the evidence of Mr. Sutherland, \$210,389 was expended up to the 30th June last, and he assumes that the work before it is completed will cost \$250,000. **TO SHOW THE ABSURDITY OF THIS LOCK AS PART OF THE PACIFIC RAILWAY, IT IS ONLY NECESSARY TO SAY THAT IT IS A HUNDRED MILES FROM THE NEAREST POINT OF THE CANADIAN PACIFIC ;** and according to Mr. Mortimer, one of the engineers examined by the committee, the cost of making even a possible connection between Lake Shebandowan and the Lake of the Woods, outside of this Fort Frances lock, will be \$341,000. The Committee, in their report as to the value of these locks, used the following language : "Your Committee has failed to discover that the Fort Frances lock can be of use to the Dominion. The evidence shows that it will be of no appreciable advantage even to the locality in which it is situated. The trade of the fertile Canadian bank of Rainy River, and of the whole country west of the lock, will seek the railway at Rat Portage, and little or no portion of it will ascend through the lock and go eastwards, as, at the east end of Rainy Lake, it will be confronted with nine portages, and the ascent of 40 feet which separate Fort Savanne from Rainy Lake. The country on the Canadian shore of Rainy Lake is unsuitable for agriculture ; a moderate trade in timber and saw logs is all that can be expected to flow from that region. For the accommodation of such a trade, when it springs up, a lock at Fort Frances will not be required, an inexpensive slide would answer every purpose, and even that would not have been needed for years. It has been suggested that the lock might be of service as a military work, but evidence was not taken on that point, as in the opinion of your Committee, while the lock will be unused for commerce, it cannot be seriously contended that an isolated lock on the frontier of Minnesota may become a serviceable military work of this Dominion."

That conclusion is fully borne out by the evidence of engineers and others examined by the Committee. We have thus \$250,000 spent in a work of absolutely no value to the country, undertaken in violation of law or without the authority of Parliament, and designed simply for the purpose of offering employment to people who are clamoring to be rewarded for services rendered to their party.

## THE KAMINISTIQUEA PURCHASE

Now the value of land at this point, without reference to the Pacific Railway terminus, we have seen was in 1871 and 1872, only about \$8.00 an acre. It is impossible for anyone to imagine that, but for the railway, it would have increased to any considerably higher sum within three years; and yet THE AVERAGE PRICE GIVEN TO OLIVER, DAVIDSON & CO. WAS ABOUT \$500 AN ACRE. The Committee in their report say:—

“For the land taken from Oliver, Davidson & Co. and others the Government paid at the rate of \$500 to \$600 per acre. In 1872 or 1873 Oliver, Davidson & Co. purchased Lot 6 in the Township of Neebing, adjoining the town plot, containing 136 acres, for about five dollars an acre; your Committee submits that the enhanced value of this property was due to the placing of the terminus where it is. YET FOR EIGHT ACRES OF IT THE GOVERNMENT, ADVISED BY THE VALUATORS (?), PAID ABOUT FIVE HUNDRED DOLLARS PER ACRE, BEING ABOUT FOUR THOUSAND DOLLARS FOR EIGHT ACRES, OR OVER THREE THOUSAND MORE FOR THE EIGHT ACRES THAN OLIVER, DAVIDSON & CO. PAID FOR THE ENTIRE LOT OF ONE HUNDRED AND THIRTY-SIX ACRES.”

## NEEBING HOTEL

In connection with the Kaministiquia land purchase was the Neebing Hotel job. It appears from the evidence taken before the Committee that Messrs. Oliver, Davidson & Co. had a lot of culled lumber on hand which they were anxious to dispose of. They formed a bogus company called the Neebing Hotel Co., and commenced to put up a hotel on the Railway reservation. According to the evidence of Mr. Reid the hotel was ‘built five months after the time the reservation had been made.’ This is another instance of the loss to the Government from the failure to register the plans and take possession of the property, the moment the site was determined upon. This building has been the subject of considerable amusement in the political discussions that have taken place. In order that our readers may understand its character we give a sketch of the building as it stood when purchased by the Government. That illustration is from a photograph taken on the spot and its accuracy has never been denied. Mr. Reid in his evidence stated that he obtained from Mr. Durand, who was a valuator for nearly all the insurance companies in the Dominion, a practical builder, his opinion as to the value of the building. Mr. Reid described the building to Mr. Durand and we may fairly assume that as he was the Government valuator, his description of it did it no injustice. And yet the estimate of its value by Mr. Durand was that a similar building could be erected in London for \$2,500. The evidence of Mr. Henderson, who built the hotel, in some respects is very interesting. Here are a few passages of that evidence selected at random which will enable the reader

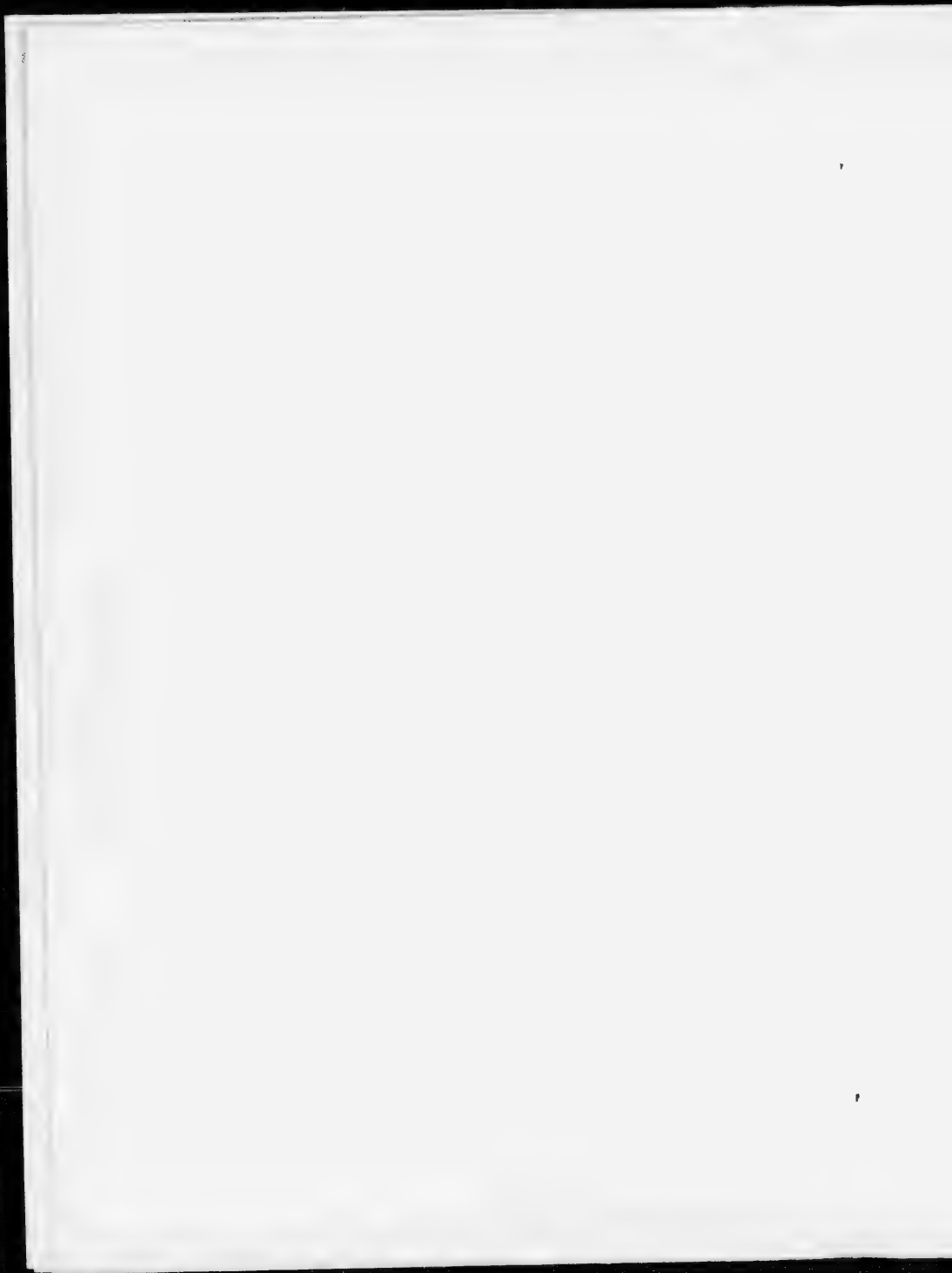
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to understand the motive for the erection of the building and the manner in which it was erected :—

Q.—Had you plans and specifications for the building that was to be erected?

A.—I understood by Mr Davidson that he had the plans and specifications, but when I got up there he had none. He merely gave me an outline or sketch of how the building was to be made.

Q.—Did he sketch it himself? A.—HE SKETCHED IT ON A PIECE OF BOARD AND TOLD ME TO IMPROVE ON IT MYSELF AND MAKE ANY ALTERATIONS I LIKE; me being a builder he said I would have an idea of how to build.

Q.—Did he tell you what size he wanted the building to be? A.—Yes, he told me to make it large enough.

Q.—Can you state to the Committee how much of this 65,000 feet of lumber was used in the building? A.—I think about 50,000.

Q.—Was there a quantity of material removed after you left? A.—Yes, there was a quantity of material left and piled up in front of the Hotel when I stopped working on the building.

Q.—Do you know what became of any of that material, that is the lumber? A.—It was piled up in front of the hotel. I believe there was some taken away. I saw about three hundred feet taken away.

Q.—Who took it away? A.—MR. OLIVER'S FOREMAN.

Q.—Where was it taken to? A.—To several little cottages that the Government were building further up the road.

Q.—Who was building these cottages? A.—Oliver, Davidson & Co.

Q.—On their own account? A.—For the Government.

Q.—By contract? A.—Yes.

Q.—Look at the account sent in by Oliver, Davidson & Co. and say what number is charged there? A.—Forty-four doors.

Q.—Were there forty-four doors delivered by Oliver, Davidson & Co. to you at Fort William? A.—Thirty-four doors is all that was delivered.

Q.—In what condition were those doors when delivered; were they complete, cramped, dressed and moulded? A.—No; they were just ready to be cramped. The stiles and panels were merely put together, they were not dressed and not cramped.

Q.—How many of those doors were used in the hotel? A.—Ten doors.

Q.—What were those doors worth in the state they were delivered? A.—They would be worth up there about \$1 50.

Q.—Look at the account of Oliver, Davidson & Co. and say how much was charged by them for these doors? A.—There are four different sizes of doors. There are doors 2 x 8 and 6 x 8, \$2.75. These doors in the state they were, were worth about \$1.50 each.

Q.—What was the quality of lumber used in this hotel? A.—It was common lumber.

Q.—What could lumber such as that be obtained for from the South Shore or at Prince Arthur's Landing per thousand feet? A.—About 11 or 12 dollars per thousand.

Q.—Would that be good lumber or such as this? A.—It would be first class lumber. About half the bill was what we call common lumber and the other half was what we call culls.

Q.—How much are these culls worth per thousand? A.—About \$8.

Q.—What is the other worth? A.—About \$12.

Q.—Did you ever object to the quality of lumber that was going into the hotel when speaking to Mr. Oliver? A.—Yes, I did.

Q.—What did he say? A.—He said it was all right.

Q.—Was the building that was erected a very substantial structure?

A.—No, it was not; IT WAS A VERY POOR STRUCTURE.

Q.—Did you erect it under the instructions of Mr. Oliver? A.—Yes, entirely under his instructions.

Q.—What was the size of the post or outside studding? A.—2 x 4.

Q.—What kind of foundation did his house rest on? A.—On cedar posts.

Q.—Did you put a cellar under the building? A.—Yes.

Q.—Under the whole of it? A.—No.

Q.—Was it laid up with lime and sand? A.—No, IT WAS LAID UP WITH BLUE CLAY.

Q.—Was it stoned when you left? A.—NO, IT WAS PARTLY FALLEN DOWN WHEN I LEFT.

Q.—Who laid up the stones, was it macon? A.—NO, DAY LABORERS.

Q.—I see there is in your account \$1,225 charged for labor; did it actually cost that? A.—Labor on the building?

Q.—That is the labor expended on the building? A.—No, it did not cost exactly that.

Q.—How much was actually spent in labor, or what could you have erected that building for at that time? A.—I COULD HAVE ERECTED IT FOR ABOUT \$600.

It will be seen that the putting up of this building was simply a scheme for getting rid of a lot of old lumber at fancy prices, that the accounts sent in to the Government were fraudulent accounts, and that the Government became responsible for this loss to the country by its own neglect in not earlier fying the plans for the reservation. Mr. Wilson's evidence gives some particulars as to how the price paid for the building was arrived at. The following are extracts from that evidence:

Q.—How did you arrive at the value of the Neebing Hotel for which \$5,029 was paid? A.—The intention was to pay the actual cost of the building, and we were furnished with a detailed account of what the building had cost up to the time work had stopped, which, with five hundred damages added to it, made up the amount.

Q.—Who furnished the account to you? A.—I think I got them through Mr. Brown's hands. They were furnished by Mr. Oliver's office. I understood the accounts were kept in Mr. Oliver's office.

Q.—Was Mr. Brown a stockholder? A.—I understood he was interested in the Company.

Q.—You based the value on the material that was said to be used in the construction of the building? A.—Yes.

Q.—Did you ascertain whether the lumber and other material charged in Oliver, Davidson & Co's. bill had been used in the building? A.—No, I went up twice to measure the building. I did not know whether it would be advisable to measure it, having the accounts, and took it for granted from what they assured me, that all the material had been used in the building.



Q.—What sort of a building was it as to appearance and general size?  
A.—IT WAS A VERY TEMPORARY STRUCTURE.

Q.—What kind of a frame was it? Would they call it a balloon frame?  
A.—It was what is usually called a balloon frame.

Q.—How did you ascertain its value if you did not make any valuation?  
A.—I was informed that the Government intended to pay the actual cost of the building, and that the detailed account furnished by Mr. Oliver was the cost of the building which I was to forward to the Government to investigate.

Q.—Who informed you that the Government were to pay the actual cost of the building? A.—I think Mr. Brown and Mr. Oliver both.

Q.—Did you in any way certify the truth of the statement of material furnished by Mr. Oliver, or did you assume that the accounts furnished you were the correct accounts of the material used? A.—I understood they were the lowest figures they would take as the actual cost of the building up to that time.

Q.—When you sent them to the Government did you make any report on them? A.—I did not. My colleague, Mr. Reid, carried them down from Toronto to Ottawa, and he was to explain the report.

Q.—Was there any painting done in the building? A.—I think not.

Q.—Would you look at the account furnished by Mr. Oliver and ascertain if there is any paint charged, and the quantity and cost? A.—Yes, I notice there are two entries, one of \$20 and one of \$18, together they make \$38, but is charged at \$34.20 as there is a discount of ten per cent.

Q.—Would you look at the account and ascertain the quantity of oil, turpentine and varnish that was furnished? A.—Twenty-five gallons of boiled oil, at 70 cents, apparently for the barrel, \$18.10; ten gallons of turpentine at 80 cents, and two tins each 75 cents, making \$9.50; five gallons of furniture varnish, \$6.25; one pound of lamp-black, 20 cents; four pounds of venetian red 14 cents, and ten pounds of patent dryer \$1.05; two pounds of yellow ochre 6 cents, making in all \$34.45.

Q.—Would you look at the account and see how many doors are charged there? A.—I might mention that there was a pile of doors upstairs in the upper story of the building at the time, that were not hung, and some sashes; there are forty-four doors charged in the account.

Q.—At how much per door? A.—One at \$7, one at \$4.50, two at \$4 each, fifteen at \$3 each, twenty-five at \$2.75 each, making in all \$133.25.

Q.—Were the sashes in and the glazing done? A.—Only that portion of the building in which Mr. Henderson was living.

Q.—And that comprise how many rooms? A.—The two plastered rooms. I was only in one. There might have been three rooms, as the front room might have been divided in two.

Q.—But you could tell from outside how many windows there were?  
A.—ABOUT FOUR WINDOWS.

Q.—Look at the account and see how much glass was charged? The total amount is \$92.52.

Q.—What is the quantity of glass? A.—Twenty-three boxes and 252 panes.

Q.—Look at the account and see how many thousand shingles were

charged for by Messrs. Oliver, Davidson & Co.? A.—Forty-six thousand, amounting to \$161.

Q.—Do you think it required forty-six thousand shingles to shingle that portion? A.—No.

Q.—How much of the floor was laid? A.—I could not say positively, but I think most of the floor on the east wing was laid, and a good portion of the upper floor.

Q.—Was there much of the upper floor laid? A.—There was a portion laid in the main building and in the wing.

Q.—Making altogether how much? A.—I did not make any calculation. I did not measure the flooring that was laid, because there was a lot of flooring in the building not laid.

Q.—Look at the account of Mr. Oliver and see the quantity charged? A.—Fifteen thousand eight hundred and seventy-two feet, costing \$353.98.

Q.—Look at the account and see if four dozen of sash fasteners are charged there? A.—Yes.

Q.—Were they used in the building? A.—I could not say. I am not aware that any were used.

Q.—What is the cost of those fastenings? A.—Nine dollars and twenty cents.

Q.—How many locks and knobs were charged? A.—Six and three quarters dozen of locks and the same of knobs, charged at \$37.83.

Q.—Do you think that those were used in the building? A.—Not all of them: a few of them were on the doors that were hung.

Q.—Were the chimneys built in the hotel? A.—1 flue, I believe, in the portion of the building that was finished. There had been a brick top on it but it fell off or mouldered away. It was brick made in the neighborhood, and it did not stand the weather.

Q.—Were the chimneys belonging to the hotel properly built from the foundation? A.—No, they were not.

The figures in relation to the material used as contrasted with the material charged for in connection with this hotel may be thus briefly summarized:—

Good lumber charged for (ft).....	65,775
SLABS AND CULLS ACTUALLY USED (ft)...	45,000
Doors charged for.....	44
DOORS ACTUALLY USED .....	14
Value of doors (each).....	\$1.25
PRICE CHARGED FOR DOORS .....	2.52
Panes of glass charged for .....	225
PANES OF GLASS ACTUALLY USED .....	48
Paint charged for (tins) .....	16
PAINT ACTUALLY USED (TINS) .....	1½
Tin charged for (cases) .....	16
TIN ACTUALLY USED.....	nil
Shingles charged for.....	45,000
SHINGLES ACTUALLY USED .....	15,000
Builder's valuation of hotel .....	\$2,000
Price paid for it .....	5,029

The Government really was not called upon to pay a dollar for this building, on account of its having been erected after the reservation was made. Mr. Reid, in his evidence, admits that he called the attention of the Government to this point. Here is the question and answer :—

"What conversation took place there with Mr. Trudeau—anything special? Yes, I remember I drew his attention specially to the difficulty we had about it, and we had come to the conclusion that we must leave it to the Government to say whether under the circumstances, until the legal difficulty was settled, they could claim under the Act or not. We agreed, however, if they could make affidavit to the correctness of their accounts so far as they could establish they were correct, we would be willing to allow that amount if the legal difficulty were overcome."

THE GOVERNMENT, HOWEVER, TOOK NO STEPS TO TEST THE LEGAL QUESTION, TOOK NO STEPS TO OBTAIN AFFIDAVITS AS TO THE CORRECTNESS OF THE ACCOUNTS, BUT ON THE CONTRARY PAID THE AMOUNT CLAIMED BY OLIVER, DAVIDSON & CO. WITHOUT HESITATION. As an illustration of the slovenly manner in which this whole matter was conducted, it may be mentioned that, during the evidence, it came out that the lot upon which stood the Neebing Hotel had been paid for twice, and in order to avoid trouble, Mr. Peter J. Brown deposited to the credit of the Government \$500, the price of the lot. But for the investigation undertaken by the Senate, that fact would never have been known, and the money would have been lost. It is but an evidence, however, of the way in which the public interests were disregarded in connection with these proceedings.

It may be asked why the Government should have given so many favors to this firm, Oliver, Davidson & Co.? There is but one answer to be made. Mr. Crooks, Treasurer of the Province of Ontario, when defeated in West Toronto, remained out of the Legislature for some months, unable to obtain a seat. At last, Mr. Adam Oliver, then representative for South Oxford, consented to retire and allow Mr. Crooks to become the candidate. The reward for this act of self-abnegation on the part of Mr. Oliver is to be found in the transactions to which we have been making reference.\* The country paid some \$50,000 in order to obtain a seat for the Treasurer of the Province of Ontario.

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THE MAIL, TORONTO, MONDAY, MAY 27TH, 1878.

## THE CAMPAIGN

### A Record of Extravagance and Corruption

#### THE NEEBING HOTEL

But Oliver, Davidson & Co. were not content with securing \$50,000 of public money for their 110 acres of waste and intrinsically worthless land; they wanted more. In the fall of 1872 they had erected a saw mill on what is known as Island No. 1, in the Kaministiquia, and in 1875 found themselves the possessors of a vast quantity of slabs, culls, and poor lumber, for which there was no ready market in that region. Accordingly early in 1875 they conceived the scheme of throwing these slabs, culls, into the similitude of an hotel, erecting the structure on land which they knew the Government would require for railway purposes, and selling hotel and land at a big profit. To give tone to this minor conspiracy a company was formed to build the hotel, under the style and title of the Neebing Hotel Co., but in reality the firm of Oliver, Davidson & Co. was the company. Mr. Davidson engaged J. D. Henderson, a builder in a small way in Toronto, to go up and build the hotel; and on his arrival at Fort William, Henderson learned to his astonishment that he was vice-president of the Company, and held \$2,000 of stock in the concern. He wouldn't have believed this had it not been recorded in Oliver, Davidson & Co's prospectus, for he had not subscribed nor promised to subscribe a cent, nor had he been asked to become vice president. Henderson found Oliver in charge at Fort William, and on asking for the plans and specifications, Oliver said he had none, but taking up a board or shingle sketched a rough outline and told Henderson to improve on that and make any alterations he liked, but to "make it large enough" (Senate Committee report, 1878, page 109). Henderson went to work and put up the structure, which Oliver, Davidson & Co. sold to the Government in 1876. He kept an account of some of the material used, and on comparing it with Oliver, Davidson & Co's bill to the Government, found a striking discrepancy. From his evidence, pp. 109-112, we compile the following table, showing the extent and variety of this discrepancy:—

## BOGUS ITEMS.

	Used in Structure.	Charge to Government.
Doors .....	10	44
Cost of each door .....	\$1.50	\$2.75
Pairs of sashes .....	12	43
Cost of sashes .....	60	150
Tins of paint .....	Nil.	16
Glass (panes) .....	48	223
Glass (boxes) .....	Nil.	23
Lumber (feet).....	45,000 or 50,000	65,752
Estimate of cost .....	\$3,000	\$5,029

In estimating the actual cost of the structure at \$3,000, Henderson (p. 113) said this "would be a big price for it." The valutors accepted Oliver, Davidson & Co.'s bills without examining them, and when before the Committee, Mr. Wilson admitted the following discrepancies (Senate Report, 1878, pp. 1-8):—

	Used in Structure.	Charge to Government.
Lime (barrels) .... 2 rooms, 18 ft. x 16 ft. plastered.	10	
Boiled oil (gals.) .....	Nil.	25
Turpentine (gals.) .....	Nil.	10
Glass .....	4 windows.	\$92.52
Shingles.....	80 ft x 24 ft. shingled.	46,000
Flooring (feet).....	1,920	15,872
Sash Fasteners .....	Nil.	4 doz.
Tin .....	Nil.	66 ft.
Locks .....	10	81
Knobs .....	10	81

Mr. Wilson also discovered while being examined by the Committee that the lots on which the structure was built had been charged to the Government twice over. There were two lots for which the Government paid \$250 each on buying the reserve, and on selling this alleged hotel, Mr. P. J. Brown, the Dominion Agent and law adviser to the valutors, charged his principal, the Government, \$500 for their own land!

How the valutors acted in this manner is clearly shown by their own evidence. Mr. Wilson's evidence, p. 9:—

Did it occur to you that it would be advisable to have got an affidavit from Mr. Oliver, or from Mr. Flannagan, his bookkeeper, as to the quantity of material that was furnished for that building? Mr. Oliver assured me that that was the very least that they would accept for the building.

Did you not think it would have been important to have had that verified? I think so.

These accounts include a large quantity of material that was not, and could not have been used in the building—did you, as valuator, take any steps to see that these articles not used should be secured to the Government, or what would become of them? We took no steps to secure it, not knowing that the Government would accept the building at those prices.

## ESTIMATES OF COST.

Mr. Reid, the other valuator, tells a similar story. He gave a verbal description of the hotel, with some of the measurements, etc., to Mr. Durand, an experienced builder in London, who estimated the cost at \$2,500. Mr. Francis ~~was~~ Manager of the Law Building and Manufacturing Company of Meaford, ~~who~~ examined the structure, hurriedly, it is fair to say, estimated its cost at \$3,044, p. 149 :—

Material.....	\$1,860
Labour.....	900
Contingencies .....	284
	<hr/>
	\$3,044

Mr. Thos. D. Taylor, Civil Engineer, who examined the building and took careful measurements of it, made an estimate as follows, p. 134 :—

7,200 feet of flooring at \$18 per M .....	\$129.60
42,427 feet of "all kinds" at \$10.....	424.27
28 squares shingles at \$3.....	84.00
280 square plastering at 15c., one coat .....	42.00
14 doors at \$3 .....	42.00
13 windows with glass at \$2.75 .....	33.75
16 windows without glass at \$1.50.....	24.00
	<hr/>
	\$781.62
For labour .....	600.00
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Total.....	\$1,381.62

But this estimate does not include hardware, nails, hinges, locks, etc. Including these, Mr. Taylor's estimate would not exceed \$1,500.

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